

# **Redesigning Wisconsin's Human/Social Service Delivery System**

**-A Proposal by Wisconsin County Human Services "Visions" Committee**

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## **EXECUTIVE SUMMARY**

This proposal to overhaul the current system of funding human services in Wisconsin is based upon several key assumptions:

- ◆ The current system for funding human/social services in Wisconsin is broken.
- ◆ Taxpayers as well as consumers of human/social services are frustrated by the lack of any clear answer as to who is ultimately responsible for service decisions between the state and the counties.
- ◆ There is no consistent, coherent statewide policy regarding who should receive publicly funded human/social services in Wisconsin.
- ◆ The current system of block grants the state provides counties have no real correlation to utilization or cost of providing services.
- ◆ The state receives incomplete information regarding what outcomes it is paying for with the current block grants.
- ◆ Despite all of its current faults, a publicly-run human/social services system, administered at the local level, is highly desirable.

This proposal changes how human/social services are funded in Wisconsin in the following ways:

- ◆ Establishes statewide criteria for both functional eligibility and financial eligibility which is consistent throughout Wisconsin.
- ◆ Eliminates the current block grants and other assorted funding sources (such as Community Aids, Youth Aids, Community Option Program (COP), Community Integration Program (CIP)).
- ◆ Replaces the host of state and federal funding sources with an average rate for each person that meets the statewide eligibility criteria.
- ◆ Allows for an agreed upon percentage split between the state and counties for funding the rate.
- ◆ Derives average rates through the use of an independent rate setting commission that would base its proposed rates on sound actuarial data.
- ◆ Retains the ability of counties to provide and pay for services to individuals that do not meet the state eligibility criteria if they so choose.

## DEFINING THE PROBLEM

### ACCOUNTABILITY

The lack of accountability between elected officials, taxpayers and consumers of government services is at the heart of the budgetary and political problems currently facing Wisconsin.

Offering a plan regarding the level of resources that should be raised and how to prioritize those scarce resources is the crux of what candidates run on for public office. Consequently, if elected, it is that plan to which they are held accountable. Elected officials, however, often find they have limited ability to make decisions on how to allocate resources or make service decisions and, therefore, cannot be truly accountable for the end results. The main reason for the lack of accountability is due to shared responsibility between different levels of government for the provision of services without a clear delineation of responsibilities.

Nowhere is this problem more evident than in the area of funding human/social services in Wisconsin. County government is given the statutory responsibility to care for abused and neglected children, seniors, physically and developmentally disabled individuals, the mentally ill, juvenile delinquents, alcohol and drug dependents and those in need of economic assistance.

The state provides funding to counties to carry out this “mandate”. The two main funding sources are called Community Aids and Youth Aids. The level of funding for these aid programs was originally based upon various pertinent statistics in the late 1970’s. The amount of funding since that time has not changed along with the changes in these statistics and therefore has no correlation to actual cost or utilization.

As a result, state government is insulated from reacting to any fluctuations in demand or changing costs for services. Rather, the state merely decides during the biennial budget deliberations to provide an across the board percentage increase, decrease or to maintain current spending levels.

In the case of Community Aids, the county is mandated to “match” the dollars it receives at approximately 10 percent (9.89%). If Community Aids plus the county’s 10 percent match is not enough to meet the requests for services, theoretically it becomes a county decision whether or not to provide those services.

The discretion the county truly has, however, *is* largely theoretical. One reason it is theoretical is because court orders are made for the placement or treatment of individuals

without regard to how much the county has spent to date on human services. Also, it places the county in a rather indefensible position. For example, if an individual approaches the county requesting services for their child, who has needs identical to ten other children currently receiving services from the county, but the county already spent its required ten percent “match” - what does the county do? If the county provides the service it is considered the county’s “choice” to spend the money. If the county denies the request it is telling the person that the only reason their child didn’t receive services is simply because they approached the county at the wrong time of the year.

These scenarios do not even take into account the cases where an individual’s health and safety are at risk. If the county were to draw the line in the sand once it reached its statutory match it would have to ignore such things as reported cases of child abuse and neglect. The moral implications of not addressing a dangerous situation such as this notwithstanding, the liability concerns for the county are also impossible to ignore.

The result has been that property taxpayers in individual counties bear the risk. When upset citizens ask who is responsible for their increased property taxes or why services are not available, the answers are confusing and hard to come by.

If an upset taxpayer asks the county why certain services were provided he will generally hear: “Because the state mandates us to provide those services. Talk to the state.” If an individual asks the county why a family member is on a waiting list he will generally hear: “Because the state didn’t provide us enough money to deliver that service. Talk to the state.” If the upset taxpayer follows the county’s advice and asks the state why certain costs are on the property tax they will generally hear: “That is a county decision, talk to the county.” And, likewise, when the individual seeking services contacts the state to ask why a family member is on a waiting list he generally will hear: “We provide counties with funds specifically for needs such as yours. Talk to the county.”

Who is right? The current system allows both to be technically correct. The problem is we have not clearly defined in Wisconsin who should be served and at what level. The result is that state officials cannot point with confidence to exactly who is benefiting from the state tax dollars sent to counties for social services or what outcomes they are purchasing. The county officials are placed in the position of bearing 100 percent of the risk for the increased costs of complying with the broad state mandate to care for these populations without any clear direction from the state as to where the obligation ends.

So what is the end result of all this? The result is that in 2001, counties spent over \$250 million in property taxes to supplement state funds. The state has reacted to these increasing costs on the property tax by placing a tax rate limit on counties (counties may not exceed the tax rate that was in place in their county in 1992).

County and state officials engage in an ongoing, circular debate over who is responsible for the increased property taxes to pay for these services. Our most vulnerable citizens find out the hard way that exactly what services they are entitled to depends upon where

in the state they live. Frustrated taxpayers lose confidence that any elected official is willing to take responsibility for spending decisions.

Various commissions and task forces have been created to tackle this problem (most recently the Kettl Commission and Sheehy Commission). They have all consistently pointed out the disconnect between taxing and spending decisions and recommended the state assume fiscal responsibility for these programs. The problem is the amount of property tax dollars that are currently committed to these programs has become so great that it becomes impossible for the state to even contemplate such a move. Also, it is difficult to fully fund these services at the state level and allow service decisions to be made at the local level. There would still be a disconnect between taxing and spending and little ability for the state to control costs. In the meantime the problem continues to fester and grow.

## **FINDING A SOLUTION**

County human/social services directors from across the state, along with representatives from the Wisconsin Counties Association, formed a committee which met over this past summer/fall in order to determine if there are viable solutions to our current dilemma. The group has identified a new model for funding and delivering human services in Wisconsin which will bring accountability back to our system.

The proposed model is designed to accomplish the following goals:

- ◆ Aligns taxing and spending decisions
- ◆ Provides accountability to taxpayers and consumers
- ◆ Establishes a consistent core level of services that can be expected statewide (called “Badger Basics” in the Kettl Commission report)
- ◆ Provides for outcomes to be measured much more clearly
- ◆ Creates a system where the money follows the person rather than the service
- ◆ Encourages consumer-directed care
- ◆ Provides the state with the ability to regain control over spending decisions
- ◆ Clearly establishes where counties’ statutory obligations end
- ◆ Maintains local flexibility and control over discretionary spending
- ◆ Provides incentives to offering services on a regional basis
- ◆ Addresses waiting lists statewide
- ◆ Provides a single point of entry to the system as opposed to the confusing maze of programmatic and funding criteria which currently exists

## **THE PROPOSAL**

This proposal completely changes the way human/social services are funded in Wisconsin. Building upon the successes of the Community Options Program (COP) and more recently Family Care, this proposal calls for an end to the conglomeration of various block grants and assorted funding sources.

While the logic behind the current funding system had great merit at the time of its inception, changes in circumstances over the last 20 years have rendered these systems broken. Rather than providing counties with block grants where the state cannot clearly define how many people are being served and by which programs, this proposal outlines a system that funds counties on a per person basis.

Under this proposal, the state will establish both functional and financial eligibility criteria for long term care, mental health, services to children, youth and families, and economic support (services ordered by the courts would be automatically eligible). The financial eligibility criteria will place an emphasis on ensuring that tax dollars are the funding source of last resort. Within each of these categories are a range of specific programs outlined in the chart in Appendix A.

The county will perform an assessment of individuals seeking services to determine whether they meet the statewide criteria. If a person is determined not to meet the criteria, but the county chooses to provide services to that individual at county cost, the county would still have that authority. In that instance, it would be a public policy debate for the county supervisors and their constituents. If the person meets the criteria then they are assigned a daily or monthly “rate” from the state.

A rate-setting commission will be appointed to establish average “rates” based upon sound actuarial data. This rate setting commission will have representatives from state, county and consumer groups. The “rate” will reflect the average cost of providing services to individuals in the various services areas. There will be separate rates for per person costs, per function costs and per capacity or “fixed” costs (hereafter simply referred to as “rate(s)").

The county will ensure the provision of services for every individual that meets the statewide eligibility criteria. The county will then consult with consumers and business partners to determine what services should be provided and the most appropriate setting. If the county can provide services to that individual for less than the “rate” it receives from the state, then the county keeps the difference. If the county spends more on the individual than the “rate” it receives from the state, then the county will bear the additional cost.

There are always several individuals that are exceedingly high cost and can “break the budget” despite the vast majority falling within the projected ranges. The state and

counties could explore a reinsurance instrument for these “outliers” as the state has with Family Care pilot counties.

It will be the responsibility of the rate-setting commission to ensure that the rates continue to reflect a true average cost from year to year.

### **AFFORDABILITY**

Some may fear that this proposed model is unaffordable for the state, especially considering the serious financial difficulties it is currently facing.

Keeping in mind Wisconsin’s financial difficulties, this proposal is structured to avoid any significant financial shift to the state in order to maintain current levels of service. This proposal calls for the county to share in a percentage of the “rate” that is established by the state. The specific percentage split will have to be determined with the goal of maintaining roughly the current commitment by the counties and the state at the inception of the new system. Under this scenario, a rate setting commission would determine an average rate per person which would be funded jointly by the state and counties at an agreed upon percentage split.

It is true that the state will no longer be providing a sum certain amount to the counties for these populations. The fear, of course, will be that the state will lose control over its budget because it will be at the mercy of how many people receive services. While the state will have to fund whatever number of people meet the eligibility criteria it establishes at the agreed upon rate, the state will, in fact, have more control over the overall cost to the taxpayer. The state will have to make the public policy determination as to what level of funding it can justify to the taxpayers and what level of services those same taxpayers demand and set the eligibility criteria accordingly.

### **CONNECTING POLICY DECISIONS TO THE “REAL WORLD”**

This is connecting the decisions we make in government to the real world. State officials will be able to point directly to what services they are ensuring citizens can expect across the state. State officials can also adjust what services are available to correspond with how much Wisconsinites can afford to pay.

The intention here is to make real public policy decisions where the consequences are clear rather than promising things we do not deliver. More simply put, this system is designed so that if demand is outpacing our ability to pay, then eligibility for services is raised as opposed to still promising the same level of services but then underfunding the rate.

At the local level, county officials will be able to quantify exactly how many people the state is requiring them to provide services to and how much of those costs are borne by the county. The county will also be able to demonstrate outcomes based on numbers of clients served. County officials will have the ability to make the decision in consultation



with their constituents whether they want to fund services beyond those required by the state.

### **ALLOWING FLEXIBILITY**

This funding model will preserve local flexibility. For example, in the area of long term care, while the state will provide a “rate” for services in every county, there will be three different options for the structure the county chooses. One of the structures is the Family Care model. Another option is for counties to begin moving toward a long term support system that includes managing all of the Medical Assistance card services.

Within this model counties have full discretion to directly provide services or to contract out for the provision of services. W-2 would also remain a county option.

This model will also provide greater opportunity to provide services on a regional basis. If, for example in the area of mental health services, it is deemed more cost effective for several counties to join together in order to provide services at or below the “rate” provided by the state then this would allow for that collaboration to take place.

### **CONCLUSION**

The proposed model for funding human/social services will return accountability to our system, align taxing and spending decisions, make it easier for consumers of services to access the system and allow us to measure outcomes. By tying funding to actual people rather than formulas we will ensure that money goes to where the actual need exists. The level of funding a county receives will increase or decrease in direct correlation to the increase or decrease of demand.

RECOMMENDATION: It is recommended that the WCA Board of Directors support the Visions Committee Proposal.

WCA BOARD ACTION:  
12/13/02 Board of Directors:

## APPENDIX A

<b>Per Person Rate</b>	<b>Per Function/Episode Rate</b>	<b>Per Capacity Rate</b>
<b>Long Term Care</b>	<b>Long Term Care</b>	<b>All</b>
Developmentally Disabled (DD) Waivers	WATTS Review	24 Hour Crisis Response
Birth to Three	Functional Screens	Prevention/Early Intervention Programs
Case Management	Adult Protective Services	Information & Assistance <ul style="list-style-type: none"> <li>◆ Resource Center</li> <li>◆ Community Relations</li> </ul>
Family Support	Benefit Specialist	Court Processing of Statutory Requirements <ul style="list-style-type: none"> <li>◆ Chapter 51 Detentions/Commitments</li> <li>◆ Guardianships</li> <li>◆ Chapter 55 Protective Placements</li> <li>◆ Stepparent Adoptions</li> <li>◆ Custody Mediation</li> <li>◆ Custody Studies</li> </ul>
Supportive Homecare		Intake/Access
Alzheimer's		Training
Brain Injury Waiver		
Older Adult and Physical Disability Waivers		
Community Options Program		
Medical Assistance (MA) Long Term Care Card Services		
<b>Mental Health</b>	<b>Mental Health</b>	
Serious & Persistent Mentally Ill	Acute Mentally Ill	
SED Youth	AODA Services	

<b>Children, Youth and Families</b>	<b>Children, Youth and Families</b>	
Ongoing Child Welfare Services	Child Abuse and Neglect (CAN) investigations	
Ongoing Juvenile Justice Services	Court Intake	
<b>Economic Support/W-2</b>	<b>Economic Support/W-2</b>	
Ongoing Services for W-2	Eligibility Determination <ul style="list-style-type: none"> <li>◆ Child Care</li> <li>◆ Energy Assistance</li> <li>◆ W-2</li> <li>◆ Medical Assistance</li> <li>◆ Food Stamps</li> <li>◆ Kinship Care</li> </ul>	
Ongoing Grants (i.e. General Relief)		

## APPENDIX B

### TIMELINE FOR IMPLEMENTATION

#### 2003-2005 Biennium:

- Authorization language (Statutory language directing the appropriate Departments (DHFS, DOC, DWD) to further develop the concept for future implementation).
- Statutory language directing the appropriate departments gather necessary data and information for concept implementation.

#### 2005-2007 Biennium

- Establish rate setting process by September, 2004.
- Develop eligibility determination process by September, 2004.
- Establish the rate setting commission by July, 2005.
- Establish the rates by January, 2006
- **January 1, 2007, statewide implementation.**